

# Grow Local, Grow National

## Why we should give councils statutory powers over economic development

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A manifesto for change from the  
Institute of Economic Development

# Introduction



**Economic growth is the number one priority for this country. One of the worst performing economies in the world this year, with inflation at its highest for four decades, serious questions are being asked about current approaches to growth and addressing inequalities.**

The nationally-led approach to stimulating growth has under-delivered for decades, and the National Audit Office found that since 1975 successive governments have introduced more than 55 separate policies targeting economic growth in England, with £18 billion being spent between 2011 and 2020 alone. Put simply, this is not working, and it is time to enable effective action to drive economic growth that is locally led.

With the Government confirming its intention to transfer Local Enterprise Partnerships (LEPs) to local government from April 2024, the pivotal economic role of councils for realising the country's growth ambitions has been articulated.

This is why, in 2023, the Institute of Economic Development (IED) – in partnership with Solace – launched a [joint call](#) for councils to be given statutory powers over economic development so that they can more effectively help create high-quality jobs, attract investment into local areas, and turbocharge the UK plc.

Giving local authorities a legal duty over economic development would create a clear accountability structure, which in turn would make it simpler and more attractive to UK and international firms and financial institutions to invest in places. It would also enable the development of local strategic economic development plans that respond to the views of local businesses, as well as the wider community.

Enhanced local focus on tackling stagnant growth and inequalities, in particular through resources invested in regeneration and boosting residents' skills, would be facilitated and council staff upskilled with the tools and knowledge to help drive real economic growth.

With the right level of resources, councils can stimulate growth across the country, addressing the social, regional and financial inequalities that exist between places, delivering the productivity our economy so desperately needs.

This manifesto presents a radical agenda for change in the run-up to the likely 2024 General Election.



**Tom Stannard**  
Chair of IED and  
CE of Salford



**Nigel Wilcock**  
Executive Director  
of IED



**Baroness Blake  
of Leeds CBE**  
Patron of IED

# Our Experience

**The IED is the UK's leading independent professional body for economic development and regeneration practitioners working for local and regional communities, representing nearly 1,200 professionals drawn from local authorities, LEPs, universities, government departments and across the private sector supporting economic development.**

Our mission is to support, develop and connect IED members, represent and champion the profession, and influence and inform policy; with an overarching vision to be the leading professional body for economic development professionals, supporting them to create stronger communities and sustainable economies. As such, we have been a prolific contributor to both regional and national discussion for 40 years.

The IED has led significant research across the sector, including on the future role of [towns and cities](#), the importance of [social value](#), the [rural economy](#) in the economic agenda, perspectives on [levelling up](#) and, most recently, the impact of [inflation](#) on publicly-funded projects. We build this, and our broader knowledge and practical experience, into a structured professional development programme for our [members](#).

The work of economic development professionals encompasses a wide variety of important activities including regeneration, placemaking, town centre management, infrastructure delivery, land and property development, enterprise promotion, business support, inward investment, employability, skills, and innovation. We also represent professionals in related fields such as planning, surveying, engineering, highways, transport and other areas.

Collectively, this is the group of professions with the highest impact on the present national levelling up mission. Our wide-ranging work, and engagement with the breadth of our membership during our 40th anniversary year, has identified a clear need to ensure we can enable the economic development profession (in its broadest sense) to support the future direction of this country in its economic growth and prosperity.

**That is why we are calling for economic development to be formally recognised as a statutory function provided by local authorities.**



# Our Proposals



**Economic development's role in understanding the drivers of growth and the needs of communities is clear, but the detailed work required to create positive change requires local understanding.**

Without recognition as a statutory function, the importance of economic development can be under-prioritised as difficult funding decisions are made, although in the medium term a solid economic development strategy can create the foundations on which local areas can improve financial performance. A strong economic development function can also ensure government priorities in areas such as levelling up are developed more effectively at the local level.

The IED believes that it is only through this approach that national policies can be consistently implemented at a local level – and that economic development can make a difference to residents of areas at the local level. Alongside this overarching call to action are a series of recommendations, sitting within **six supporting pillars which we deem critical for success.**

- 1 **Devolution**
- 2 **Funding and Pipeline Stability**
- 3 **Net Zero**
- 4 **Business Development, Trade and Inward Investment**
- 5 **Labour Market and Skills Activation**
- 6 **Workforce and CPD**

## 1

### Devolution

As increasing local devolution moves up the political agenda, and LEP core functions are transferred, it will be essential for local authorities to have in place the models to ensure that local evidence can be gained, effective policies developed and implementation delivered.

#### We ask for:

- A national economic/industrial strategy which sets the agenda for the UK over a five-year period. This could build on the previous Industrial Strategy and the Levelling Up White Paper.
- The IED to have a representative seat on the revamped National Industrial Strategy Council.
- A requirement for local authorities to develop an accountable five-year economic strategy/strategic economic plan – led by upper tier authorities but taking into account function economic areas, supported by capacity funding.
- All economic strategies to specifically and consistently focus on fair employment, productivity, access for all, sustainability and satisfaction for residents.
- A single settlement funding pot approach built on “trailblazer” devolution deals.
- A multi-year settlement approach, rather than annual spending reviews.

#### Outcome:

A move towards localism, supporting levelling up mission delivery, tailored to local economic conditions.

## 2

### Funding and Pipeline Stability

Underpinning all economic development and associated projects is a requirement for a more stable and long-term funding landscape.

#### We ask for:

- An end to the micro competition for capital funding as part of the single settlement funding pot approach, with any funding settlement with government and wider government programmes, such as the UK Shared Prosperity Fund (UKSPF), operating over a longer timeframe and coinciding with a five-year economic strategy horizon.

#### Outcome:

An increased confidence, certainty and ability to plan for growth at a local level.

3

## Net Zero

The IED fully supports the mission of the Blueprint Coalition's Manifesto for Local Climate Action, a core part to this being the recognition of the need for a place-based approach to tackle climate change and move towards net zero.

### We ask for:

- Support for place-based climate action backed by adequate funding and support from national government; commitment to a cross-government department partnership approach with local authorities; commitment to reform and devolve funding streams and embedding climate action in devolution deals.
- An expansion of a net zero neighbourhood approach, led by local government.
- Transition funding to enable viability gaps on local net zero schemes to be better overcome.

### Outcome:

True net zero transition established through clear local delivery plans with the urgency that a local focus could bring.

4

## Business Development, Trade and Inward Investment

Growing our businesses, attracting investment into our local areas and supporting exports is a fundamental part of any locality's economic development remit, helping to increase pay, employment and productivity.

### We ask for:

- Full devolution of UKSPF and associated business development funding.
- The IED membership body, drawn from both public and private sector, to be used as a sounding board for inward investment planning with government.
- Continuation of the Growth Hub model, led by upper tier authorities.
- Multi-year funding streams for business support programmes.
- Clearly defined and legislatively backed forward programme of infrastructure to give confidence in the ongoing competitiveness of places.

Local authorities, under a statutory economic development remit, would be responsible for the provision of high-quality information and provide links to their own wider departments and other agencies to support all businesses to make investment decisions – whether existing businesses, potential new businesses (inward investment) or capital and property investors. They would develop relationships with the key businesses to understand how future business investment decisions could align with future local authority decisions.

### Outcome:

Comprehensive business support at a local level enabling relationship building and ultimately business growth and expansion into international markets, as well as sustained and proactive inward investment activity.

6

5

## Labour Market and Skills Activation

A statutory economic development function would be involved in assessing local skills, key sectors and provide skills intelligence for local skills providers, employers and the workforce. Skills development, workforce assessment and the development of clear pathways into work would be a key element of the economic strategy.

### We ask for:

- Full devolution of 16-18 and 19+ skills and training funding, to local government and/or Mayoral Combined Authorities under the "trailblazer" model, connected directly to the development of local economic strategies in partnership with employers and business.
- The local authority statutory economic development function to lead on Local Skills Improvement Plans (LSIPs) under emerging Business Boards being created during LEP core function transfers.
- Reform of the Apprenticeship Levy with enhanced flexibility and a clearer link to local benefits for employers.

### Outcome:

Improved pathways into work and in-work progression alongside technical education reform – all leading to increased and improved local employment.

6

## Workforce and CPD

Legal duty for economic development remit would need to be underpinned by an experienced and stable workforce. Under-investment in economic development and funding settlements for local authorities has meant that important economic development skills have been lost to the profession and there is a need to rebuild them.

### We ask for:

- Co-investment in a national economic development CPD standard with the IED to support future workforce development and succession planning across the profession.

### Outcome:

Greater workforce stability and clearer succession planning which would help tackle key profession retention/attrition challenges. This would ensure that lessons from the economic development interventions are learned, shared and the approach refined.

7

# Conclusion

It is no surprise that both the Government and opposition parties have made growing the economy a key focus for the forthcoming general election.

With a stagnating economy, and as increasing local devolution moves up the political agenda, it is essential for local areas to have in place the economic development models to ensure local evidence can be gained, effective policies developed and implementation delivered.

This is the core role of any economic development function and it seems unthinkable that despite moves towards devolution, economic development is not one of those areas deemed as a statutory responsibility of each local authority.

Councils could deliver so much more if they were given statutory powers, with their unique understanding of local economies, to better ensure policies are adapted to local conditions and make the most of the strengths of local places.

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**We welcome a dialogue with Government on establishing the economic development duty early in the next Parliament.**



## Contact us

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